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RECORDATION NO. Filed 1425

SLADE PELLMAN & BIEHL
COUNSELORS AT LAW

11937
RECORDATION NO. Filed 1425

JUN 27 1980 - 11 20 AM

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MELVIN S. SLADE
STUART M. PELLMAN
FREDERICK J. BIEHL

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 11937A
Filed 1425

INTERSTATE COMMERCE COMMISSION

540 MADISON AVENUE
NEW YORK, N. Y. 10022
TEL: (212) 838-6670

JOHN F. TRIGGS
ELLIOTT D. HEFLER
J. ANDREW RAHL, JR.
SIDNEY M. SEGALL
MICHAEL W. STAMM

JUN 27 1980 - 11 20 AM

INTERSTATE COMMERCE COMMISSION
June 25, 1980

0-179A048

JUN 28 1980

150.00

CS Washington, D. C.

Office of the Secretary
Recordation Office
Interstate Commerce Commission
Twelfth St. and Constitution Ave., N.W.
Washington, DC 20423

Re: Recordation and Filing of Documents
pertaining to 46 Railroad Box Cars
Numbered as set forth in Exhibit A
hereto

Dear Sirs:

In accordance with the provisions of Section 11303 of the Revised Interstate Commerce Act, 49 U.S.C. §11303, and Part 1116 of Title 49 of the Code of Federal Regulations, we request that the enclosed documents be recorded and filed by the Interstate Commerce Commission (the "Commission").

A. Description of the Documents and the Parties Thereto

Enclosed herewith are two originals of the documents listed below. We request that ~~one~~ original of each document be recorded and filed in the order listed below. We request that the additional original be stamped by your office and returned to us.

1. Bill of Sale dated June 6, 1980 from Maryland and Pennsylvania Railroad Company for 46 Box Cars described on Exhibit A;

2. Lease of Railroad Equipment dated as of June 6, 1980 between Emons Industries, Inc., Lessor and Maryland and Pennsylvania Railroad Company, Lessee; and

3. Chattel Mortgage, Assignment and Security Agreement dated as of June 6, 1980 between Emons Industries, Inc. and The Chase Manhattan Bank, National Association, together with an Acknowledgement of Notice of Chattel Mortgage by Maryland and Pennsylvania Railroad Company.

Recordation Office
Interstate Commerce Commission
June 25 , 1980
Page 2

The names and addresses for the parties to the transaction are:

EMONS INDUSTRIES, INC.
490 East Market Street
York, Pennsylvania 17403

MARYLAND AND PENNSYLVANIA
RAILROAD COMPANY
490 East Market Street
York, Pennsylvania 17403

THE CHASE MANHATTAN BANK,
NATIONAL ASSOCIATION
1441 Broadway
New York, New York 10013

B. Procedural Matters

It is hereby respectfully requested that each of the following names be inserted in the Commission Index established pursuant to Section 1116.5(c) of Title 49 of the Code of Federal Regulations.

1. Maryland and Pennsylvania Railroad Company
2. Emons Industries, Inc.
3. The Chase Manhattan Bank, National Association

A check in the amount of \$100.00 has been enclosed with this letter of transmittal to cover the recordation fee.

Please stamp and return the enclosed copy of this letter of transmittal.

If there are any questions with respect to the enclosed or the transactions described therein, please telephone Elliott D. Hefler or Michael W. Stamm of this office, collect.

Very truly yours,

Slade Pellman & Biehl

SLADE PELLMAN & BIEHL

SP&B:ab
Encl.

CHATTEL MORTGAGE,
ASSIGNMENT AND
SECURITY AGREEMENT

RECORDATION NO. 11937-13 Filed 1425
JUN 27 1980 - 11 20 AM
INTERSTATE COMMERCE COMMISSION

EMONS INDUSTRIES, INC., a New York corporation, (hereinafter called the "Company"), in consideration of the granting by THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION) (hereinafter called the "Bank") of a credit facility up to, but not exceeding, in the aggregate principal amount at any one time outstanding the lesser of (a) \$10,000,000, or (b) 80% of the Borrowing Base (as defined in the Agreement dated as of September 1, 1978 as amended by Amendment No. 1 dated as of July 1, 1979, all between the Company and the Bank), and in order to secure the payment of the principal of and interest on the Notes (as defined in the aforementioned Agreement) and to secure the payment of all other indebtedness hereby secured and the performance and observance of all the covenants and conditions in the aforementioned Agreement, does hereby sell, convey, warrant, mortgage, assign, pledge, grant a security interest in, and hypothecate unto the Bank, its successors and assigns, the following described properties, rights, interest and privileges (all of such properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral"):

(a) Railroad equipment consisting of Forty-six (46) freight cars (said freight cars and equipment to be more specifically described in Exhibit A attached hereto) and together with all accessories, equipment

parts and appurtenances attached to any of the railroad equipment, whether now owned or hereafter acquired, and all substitutions, renewals and replacements of, and additions, improvements to, any and all of said railroad equipment;

(b) All right, title and interest of the Company, as Lessor in the Lease of Railroad Equipment dated as of June 6, 1980 between Lessor and Maryland and Pennsylvania Railroad Company annexed hereto as Exhibit B in and to any and all rents and other sums due and to become due pursuant to the said Lease, including any and all extensions and renewals thereof, insofar as the same cover or relate to the railroad equipment described in Exhibit A; it being the intent and purpose hereof that the assignments and transfer to the Bank of said rents and other sums to become due under the Lease, shall be effective and operative immediately and shall continue in full force and effect and the Bank shall have the right to collect and receive said rents and other sums and to apply same in payment of the Notes hereinbefore mentioned;

The Company represents and warrants: (i) Company has title to the Collateral free and clear of all liens and encumbrances; (ii) no financing statement covering any of the Collateral is on file in any public office; and (iii) its certificate of incorporation does not prohibit the security

interest granted herein and the execution of this Agreement will not violate any law or any agreement to which it is a party.

The Company covenants and agrees that Company: (i) will keep the Collateral or cause the Collateral to be kept in good working order, repair and running condition, and will replace any worn, broken or defective parts; (ii) will promptly pay all taxes levied or assessed against the Collateral and will keep the Collateral free and clear of all liens, attachments and encumbrances; (iii) will allow the Bank and its representatives free access to the Collateral at all reasonable times for the purpose of inspection; (iv) will promptly notify the Bank in writing of any loss to the Collateral; (v) will indemnify the Bank against all claims arising out of or connected with the ownership or use of the Collateral; (vi) will reimburse the Bank upon demand for all expenses incurred in connection with perfecting the security interest granted herein or the satisfaction thereof; (vii) will not abandon the Collateral; (viii) will not sell, assign, lease, mortgage or otherwise dispose of any interest in the Collateral unless said sale, lease, assignment, mortgage or other document is subordinate to the Bank; and (ix) will not use or permit the Collateral to be used for any unlawful purpose or in violation of any Federal, state or municipal law, statute or ordinance.

The Company hereby assigns to the Bank any and all moneys (including, but not limited to, proceeds of insurance,

return or unearned premiums) which may become due under any policy or agreement insuring the Collateral against any loss due to destruction, and directs the insurance company issuing such policy or other party to make payment thereof directly to the Bank. The Bank may, at its option, apply any insurance or other moneys so received to the cost of repairs to the Collateral and/or to payment of any of the Notes, in any order the Bank may determine, whether or not due, and shall remit any surplus to the Company. The Company irrevocably appoints the Bank as the Company's attorney-in-fact, with full power of substitution, to receive all such moneys, to execute proof of claim, to endorse drafts, checks and other instruments for the payment of money payable to the Company in payment of such insurance moneys, to adjust and compromise any claim, to execute releases, to cancel any insurance policy covering the Collateral when such policy is not required to protect Company's or the Bank's interest and to do all other acts and things that may be necessary or required to carry into effect the power herein granted.

The Company agrees that whenever a default shall be existing, the Bank shall have the following rights and remedies to the extent permitted by applicable law: (a) to enter the forgoing premises or such place or places where any of the Collateral may be located and take and carry away the same by any of its representatives, with or without legal process, to Company's place of storage; (b) to sell the Collateral at pub-

lic or private sale, whether or not the Collateral is present at such sale and whether or not the Collateral is in the constructive possession of the Bank or the person conducting the sale, in one or more sales, as an entirety or in parcels, for the best price that the Bank can obtain and upon such terms as the Bank may deem desirable; (c) to be the purchaser at any such sale; (d) to require the Company to pay all expenses of such sale, taking, keeping and storage of the Collateral, including reasonable attorneys fees; (e) to apply the proceeds of such sale to all expenses in connection with the taking and sale of the Collateral, and any balance of such proceeds toward the payemt fo the Notes in such order of application as the Bank may from time to time elect; (f) to require the Company to assemble the Collateral upon the Bank's demand, at the Company's expense and make it available to the Bank at a place designated by the Bank which is reasonably convenient to both parties; and (g) to exercise any one or more rights or remedies accorded by the Uniform Commercial Code. If the proceeds of any such sale are insufficient to pay the expenses, as aforesaid, and the Notes, the Company agrees to pay any deficiency to the Bank upon demand and if such proceeds are more than sufficient to pay such expenses and Notes, the Bank agrees to pay the surplus to the Company.

If at the time of repossession any of the Collateral, the Collateral contains other personal property not included in the Collateral, the Bank may take such personal property into

custody and store it at the risk and expense of the Company. The Company agrees to notify the Bank within 48 hours after repossession of the Collateral of any such other personal property claimed and that failure to do so will release the Bank or representatives from any liability for loss or damage thereto.

At the request of the Bank, the Company will join with the Bank in filing this Chattel Mortgage, Assignment, and Security Agreement. The Company hereby authorizes Bank to file a financing statement signed only by the Bank in all places where necessary to perfect the Bank's security interest in the Collateral. Without limiting the foregoing, the Company agrees that whenever a Lease or Conditional Sales Agreement requires the Company to sign a financing statement for filing purposes, the Company hereby appoints the Bank or any of the Bank's representatives as the Company's attorney and agent, with full power of substitution, to sign or endorse the Company's name on any such financing statement or other document and authorizes the Bank to file such a financing statment in all places where necessary to perfect the Bank's security interest in the Collateral; and the Company hereby ratifies all acts of said attorney and said substitute and agrees to hold the Bank and said attorney harmless from any acts of commission or omission or any error or judgment or mistake of fact or law pertaining thereto.

This Chattel Mortgage, Assignment and Security Agreement is in addition to, and not in limitation of, any

other right and remedy the Bank may have by virtue of any other instrument or agreement heretofore, contemporaneously herewith or hereafter executed by the Company or by law or otherwise. If any provision of this Chattel Mortgage, Assignment and Security Agreement is contrary to applicable law, such provision shall be deemed ineffective without invalidating the remaining provisions hereof. If and to the extent that applicable law confers any right or imposes any duty inconsistent with or in addition to any of the provisions hereof the affected provision shall be considered amended to conform thereto. The Bank shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder. A waiver by the Bank of any right or remedy hereunder on any one occasion, shall not be construed as a bar to or waiver of any such right or remedy which the Bank would have had on any future occasion nor shall the Bank be liable for exercising or failing to exercise any such right or remedy. It is expressly understood and agreed that whenever the service of any notice to the Company is required hereby or is otherwise required, such notice may be sent to the Company by ordinary mail to the address shown in the aforementioned Agreement, and if so mailed, such notice shall be deemed sufficient notice thereof.

This Chattel Mortgage, Assignment and Security Agreement shall be construed in accordance with the laws of the State of New York.

This Chattel Mortgage, Assignment and Security Agreement shall be binding upon and shall inure to the benefit of the Company, the Bank and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be duly executed as of the 6th day of June, 1980 first above written.

EMONS INDUSTRIES, INC.

Attest:

J. J. Miller
Secretary-Treasurer

By:

Robert Grossman
Title: Chairman of the Board

THE CHASE MANHATTAN BANK
(National Association)

Attest

Larry Zibby
A.T.

By:

John P. [Signature]
Title: 2 VP.

Margaret Scott

MARGARET SCOTT
Notary Public, State of N. Y.
No. 31-4633549
Qualified in New York County
Comm. Expires Mar. 30/82

STATE OF PENNSYLVANIA)

: ss.:

COUNTY OF YORK)

On the 6th day of June, 1980, before me came Robert Grossman, to me known, who, being by me duly sworn, did depose and say that he resides at 865 Hickory Hill Lane, York, PA 17402; that he is Chairman of the Board of EMONS INDUSTRIES, INC., the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.


Notary Public

MY COMMISSION EXPIRES

JANUARY 31, 1981

YORK, YORK COUNTY, PA.

STATE OF

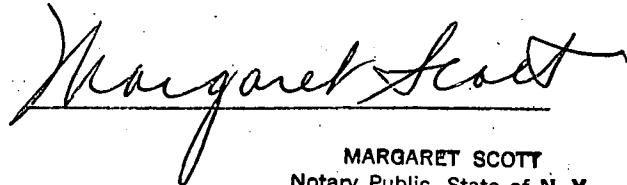
New York,

COUNTY OF

New York;

ss.:

On the 20th day of June, 1980, before me came IRA GLAZER, to me known, who, being by me duly sworn, did depose and say that he resides at 18-05 Metropolitan Ave., Bellerose NY 11710; that he is Second Vice-President of THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.



MARGARET SCOTT

Notary Public, State of N. Y.

No. 31-4633549

Qualified in New York County

Comm. Expires Mar. 30/82

EXHIBIT B

LEASE OF RAILROAD EQUIPMENT

AGREEMENT entered into as of the 6th day of June 1980, by and between EMONS INDUSTRIES, INC., whose address is 490 East Market Street, York, Pennsylvania 17403 (hereinafter referred to as "Lessor"), and the MARYLAND AND PENNSYLVANIA RAILROAD COMPANY whose address is 490 East Market Street, York, Pennsylvania 17403 (hereinafter referred to as "Lessee").

W I T N E S S E T H :

WHEREAS, the parties hereto have reached an understanding with respect to Lessor leasing to Lessee the Cars (as such term is defined below) and desire to set forth in writing their agreement with respect thereto;

NOW, THEREFORE, in consideration of the premises, the parties hereto agree:

1. Lease and Hire: Lessor hereby lets to Lessee and Lessee hereby hires from Lessor those certain 40 foot 6 inch, 50 ton woodlined general purpose boxcars, Class "XM" with identifying marks as listed on Exhibit A hereto, as such Exhibit may, from time to time, be amended (hereinafter referred to as the "Cars").

2. Rental Payments: The Lessee hereby covenants and agrees to pay, or cause to be paid to the Lessor and its successors and assigns, or at such bank or trust company as Lessor shall specify, basic rent for each Car subject to this Lease during the term hereof in 120 consecutive equal monthly installments payable on the first business day of each month in the amount of \$110.61 each in arrears, commencing July, 1980.

3. Net Lease: This Lease is a net lease and it is contemplated that Lessor will assign this Lease to a bank or other financial institution (which may be a trustee) or that the Cars subject to this Lease may be owned by such bank or financial institution and that this Lease may in fact be a sublease for the Cars. The Lessee shall not be entitled as against the Lessor, or any assignee of the Lessor, or any successor, assignee or any other such owner of the Cars, to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor, or any of such assignees under this

Lease; nor except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor, or any of such assignees or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Cars from whatsoever cause, by the attachment of any liens, encumbrances or rights of others with respect to any of the Cars, by the prohibition of or other restriction against the Lessee's use of all or any of the Cars, of the interference with such use by any person or entity, by the invalidity or unenforceability or lack of due authorization of this Lease, by any insolvency, bankruptcy, reorganization or similar proceedings against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate cancel, quit or surrender the lease of any of the Cars, except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Lessor or any assignee of Lessor's interest in the Lease for any reason whatsoever.

4. Term of Lease: The term of this Lease as to each Car shall begin on the date of the delivery to and acceptance by the Lessee of such Car and, subject to the provisions of Articles 8 and 13 hereof, shall terminate on the date which is ten (10) years from the date of delivery of the last Car leased hereunder.

5. Taxes: All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, Federal or foreign taxes other than (a) any United States Federal income tax, and (b) the aggregate of all state, city or local income taxes or franchise taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the state, city and locality in which the Lessor has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse Lessor as herein

provided, or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "Impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title, tax or charge under the terms hereof, all of which Impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein.

The Lessee will also pay promptly all Impositions which may be imposed upon any Car or for the use or operations thereof or upon the earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of its ownership thereof, and will keep at all times all and every part of such Car free and clear of all Impositions which might in any way affect the title of the Lessor or result in a lien upon any such Car; provided, however, that the Lessee shall be under no obligation to pay any Impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder. If any Impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor.

In the event any reports with respect to Impositions are required to be made, the Lessee will either make such reports in such manner as to show the interests of the Lessor in such Cars or notify the Lessor of such requirements and make such reports in such manner as shall be satisfactory to the Lessor.

In the event that during the continuance of this Lease the Lessee becomes liable for the payment or reimbursement of any Imposition, pursuant to this Article 5, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

6. Annual Reports: On or before March 31 in each year during the term hereof, the Lessee will furnish to the Lessor an accurate statement (a) setting forth as at the preceding December 31, the amount, description and numbers of all Cars then leased hereunder, the amount, description and numbers of all Cars that have suffered a Casualty Occurrence (as hereinafter defined) during the preceding calendar year (or since the date of this Lease in the case of the first such statement) and such other information regarding the condition and state of re-

pair of the Cars as the Lessor may reasonably request, and (b) stating that in the case of all Cars repainted or repaired during the period covered by such statement, the numbers and the markings required by Article 7 hereof have been preserved or replaced. The Lessor shall have the right by its agents, to inspect the Cars and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

7. Identification Marks: The Lessee will cause each Car to be kept numbered with its identifying number.

The Lessee will not change the identifying number of any Car except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been submitted to Lessor, and filed, recorded and deposited by the Lessee in all public offices where the Lease shall have been filed, recorded and deposited.

The Lessee may allow the Cars to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by them of the same or a similar type of convenience of identification of their rights to use the Cars as permitted under this Lease.

8. Risk of Loss; Waiver and Indemnity; Insurance.

(a) In the event that any Car shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (any such occurrence being hereinafter called a "Casualty Occurrence") during the term of this Lease, Lessee shall promptly and fully notify Lessor with respect thereto. On the rental payment date next succeeding such notice, Lessee shall pay to Lessor an amount equal to the rental payment or payments in respect of such Car due and payable on such date plus a sum equal to the Casualty Value (as defined in Exhibit B) of such Car as of the date of such payment as set forth in Exhibit B. As used therein, the Purchase Price of a Car shall equal the value of such Car as initially registered with the Association of American Railroads. Upon the making of such payment by Lessee in respect of any Car, the rental for such Car shall cease to accrue, the term of this Lease as to such Car shall terminate and (except in the case of loss, theft or complete destruction) Lessor shall be entitled to recover possession of such Car. Provided that Lessor has received the Casualty Value for any Car, Lessee shall be entitled to the proceeds of any recovery in respect of such Car from insurance or otherwise.

Except as hereinabove in this paragraph 8(a) provided, Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Car from and after the date of delivery with respect to such Car.

(b) Lessee hereby waives and releases any claim now or hereafter existing against Lessor on account of, and agrees to indemnify, reimburse and hold Lessor harmless from any and all claims (including, but not limited to, claims relating to patent infringement and claims based upon strict liability in tort), losses, liabilities, demands, suits, judgments or causes of action, and all legal proceedings, and any costs or expenses in connection therewith, including attorneys' fees and expenses which may result from or arise in any manner out of the condition, use or operation of any Car during the term hereof, or which may be attributable to any defect in any Car, arising from the material or any article used therein or from the design, testing or use thereof, or from any maintenance, service, repair, overhaul or testing of any Car regardless of when such defect shall be discovered, whether or not such Car is in the possession of Lessee and no matter where it is located.

(c) Lessee at its own cost and expense, shall keep the Cars insured against all risks for the value of such Cars and in no event for less than the Casualty Value of such Cars as specified in Exhibit B, and shall maintain public liability and property damage insurance against such risk and for such amounts as Lessor may require and with such companies as Lessor shall approve; provided, however, that Lessee may, at its option, insure through a domestic affiliated company, or self-insure the Cars in accordance with its current practice against the risks of property damages as required above. All such insurance shall be in such form as Lessor shall approve, shall name Lessor and Lessee as insureds and shall provide that such insurance may not be cancelled as to Lessor or altered without at least ten (10) days prior written notice to Lessor. All liability insurance shall be primary without right of contribution from any other insurance carried by Lessor. All insurance covering loss or damage to the Cars shall be payable solely to Lessor, except as may otherwise be permitted by paragraph 8(a). Lessee shall deliver to Lessor on or before the delivery date of each Car evidence satisfactory to Lessor of all such insurance.

9. Return of Cars: On termination of this Lease, Lessee will return the Cars to the Lessor at the storage tracks of the Lessee in York, Pennsylvania; provided, however, that any Car loaded on or before the next to the last day of the Lease term may complete the loaded trip, and return of such Car to Lessor

shall be made at the time such Car is released after unloading; and provided, further, that each Car shall remain subject to the terms and conditions of this Lease until return thereof.

10. Improvements, Modifications and Alterations: The cost of any improvement, modifications, alterations or additions made to the Cars, or special devices installed by or at the direction of the Lessee will be borne by Lessee.

11. Assignment - Use and Possession: Lessee will not assign, transfer, encumber or otherwise dispose of its leasehold interest under this Lease, the Cars or any part thereof, or sublet the Cars or place any of the Cars in assigned service without the consent of the Lessor in writing first obtained, except that Lessee may permit the use of the Cars by any subsidiary or affiliated railroad company or on lines of railroads other than Lessee's in the United States, Canada and Mexico in the usual interchange of traffic or pursuant to sublease or assigned service agreements, but only upon and subject to all the terms and conditions of this Lease. Lessee will not permit any encumbrances or liens, based upon any action or liability of Lessee, to be entered or levied upon any of the Cars, provided, however, that Lessee shall not be required to cause any such lien or encumbrance to be removed so long as Lessee is contesting such lien or encumbrance in good faith and in appropriate legal proceedings.

12. Cleaning and Servicing: Lessee shall indemnify and hold harmless the Lessor from any claims made against Lessor, as Car owner, resulting from any failure to clean and service the Cars before loading.

13. Defaults and Remedies: If Lessee shall default in the performance or observance by Lessee of any obligation under this Lease, and such default shall continue for 10 days after notice by Lessor to Lessee, or there shall be filed by or against Lessee a petition in bankruptcy or for reorganization under any bankruptcy law, or there shall be a receiver appointed of any part of Lessee's property or Lessee shall make a general assignment for the benefit of creditors, then and in any such events Lessor, at its election, may terminate this Lease and repossess the Cars, and this Lease shall thereupon become and be terminated, or Lessor may repossess the Cars and relet the same or any part thereof to others for such rent or compensation and upon such terms as it may see fit. Lessee shall, without expense to Lessor, assist Lessor in repossessing the Cars and shall for a reasonable time, if required by Lessor, permit storage of such Cars on trackage space owned or leased by Lessee, without cost to Lessor.

14. Liability: Lessor shall not be liable for any loss of or damage to anything loaded in or on the Cars and makes no representation as to the suitability of the Cars for use in any particular service. Lessee agrees to indemnify and save harmless Lessor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and any expenses in connection therewith, including counsel fees, arising out of or as a result of the use and/or operation of the Cars during the term of this Lease, or by reason of any default by Lessee under this Lease.

15. Obligations Suspended: In the event the performance in whole or in part of the obligations (other than for payment of money) of either party under this Lease is hindered, interrupted, or prevented by war, strikes, lockouts, fire, acts of God, or by other similar or different acts of civil or military authorities, or by any cause beyond the reasonable control of the defaulting party, whether similar to the causes herein specified or not, the obligations of such party shall be suspended to the extent of and for the time that performance thereof is prevented or affected by such hindrance, interruption, or prevention, but due diligence shall be observed by such party in resuming performance of its obligations, after removal of the interrupting cause.

16. Renewal Option: Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may, by written notice delivered to the Lessor, elect to extend the term of this Lease for not more than two extended terms of five (5) years duration each, in respect of all, but not fewer than all, of the Cars then subject to this Lease for such period as is designated in such notice at a "Fair Market Rental" payable in monthly installments in arrears. Such notice shall be given not less than six (6) months prior to the end of the original term or the first extended term of this Lease, as the case may be.

Fair Rental Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction for such value. If on or before four (4) months prior to the expiration of the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value of the Cars, such value shall be determined in accordance with the foregoing definition by the American Appraisal Company or its successor (hereinafter called the "Appraiser"). The Appraiser shall be instructed to make such determination within a period of thirty (30) days following appointment, and shall promptly submit such

report to both Lessor and Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

17. Subordination: In connection with Lessor's financing of the Cars, Lessor, may assign this Lease to others, sell the Cars, grant a mortgage on or security interest in any Car in whole or in part, without notice to or the consent of the Lessee, to any bank, other financial institution (including a trustee) or subsidiary thereof. It is further understood that a bank or other financial institution in connection with such financing may own any such Car with Lessor leasing such Car from such owner, this Lease thereupon being a sublease, fully subordinate to the lease between such owner and Lessor. Each such assignee, owner or purchaser shall have all of the rights but none of the obligations of Lessor under this Lease, and in connection therewith Lessee shall, upon written notice thereof, recognize each such assignment, sale, ownership or security interest and shall accept and comply with the direction or demands given in writing by any such owner, assignee or secured party. Lessee shall not assert against any such assignee, secured party or owner (including purchaser) any defense, counterclaim or setoff that Lessee might have against Lessor. Lessee's rights shall be subject and subordinate to the rights of any such assignee or transferee of Lessor or any such owner or purchaser of the Cars or any bank or other secured party under any financing agreement or arrangement entered into by Lessor in connection with the acquisition or financing of the Cars.

Upon the giving of notice to Lessee from any such bank, transferee, financial institution or secured party that an event of default by Lessor has occurred and is continuing under such financing arrangement or agreement, such party may require that all payments otherwise due to Lessor shall be made directly to such party or that the Cars be returned to such party, or both.

18. Compliance with Laws and Regulations: This Lease is subject to all Federal, state and other laws, rules, regulations and ordinances which may now or hereafter affect, change or modify the terms or conditions hereof or render unlawful the performance of any of its provisions. Lessee shall comply with all governmental laws, regulations and requirements and with the Code of Rules of the Association of American Railroads with respect to the use, maintenance, and operation of such Cars subject to this Lease, and will file and record the same with the Interstate Commerce Commission in accordance with Section 11303 or the Interstate Commerce Act.

19. Prior Understandings: Prior understandings and agreements between the parties with respect to the Cars are merged

herein, and all rights of the parties in respect of such Cars shall be governed by this Lease.

20. Lessee's Rights: Lessee acknowledges and agrees that it has not obtained, and by the execution hereof it does not obtain, any by payments and performance hereunder it will not obtain, any title to the Cars nor any property right or interest, legal or equitable therein, except solely as Lessee hereunder. Lessee shall keep the Cars free from any encumbrance or lien which may be equal to or superior to Lessor's rights or which may be a cloud upon or otherwise affect Lessor's title.

21. Successors and Assigns: Covenants herein shall inure to or bind each party's successors and assigns; provided, that notwithstanding the assignment of this Lease by the Lessor, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns against the Lessor and not against any assignee or successor assignee of the Lessor's interest in the Lease.

22. Notices: Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first class, postage prepaid, addressed as follows:

(a) If the the Lessee:

490 East Market Street
York, Pennsylvania 17403

(b) If the Lessor:

490 East Maket Street
York, Pennsylvania 17403

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

23. Severability, Effect and Modifications of Lease: Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

24. Waiver and Modification: This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the Cars and supersedes all other arrangements, oral or written, with respect to the Cars. No variation or modifi-

cation of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and Lessee.

25. Execution: This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument. Although this Lease is dated as of the date set forth above for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgements hereto annexed.

24. Law Governing: The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the Commonwealth of Pennsylvania, provided, however, that the parties shall be entitled to all rights conferred by Section 11303 of the Interstate Commerce Act.

IN WITNESS WHEREOF, the parties have duly executed this Lease the day and year first above written.

EMONS INDUSTRIES, INC.

ATTEST:

Jedre Horvathovic
Assistant Secretary

By: *Robert Grossman*
Chairman of the Board and
Chief Executive Officer

MARYLAND AND PENNSYLVANIA
RAILROAD COMPANY

ATTEST:

Jedre Horvathovic
Assistant Secretary

By: *J. L. Hall*
Secretary-Treasurer

EXHIBIT A

<u>Quantity</u>	<u>Description of Units</u>	<u>Serial Numbers</u>
46	40'6" 50-ton woodlined general purpose boxcars Class "XM" having MPA reporting marks.	15109 15110 15114 15116 15125 - 15128, inclusive 15130 15132 15146 - 15149, inclusive 15160 15162 15163 15166 - 15169, inclusive 15171 15172 15175 15178 15179 15181 16100 - 16107, inclusive 16110 16115 - 16120, inclusive 16123 - 16126, inclusive

EXHIBIT B

Casualty Value

The Casualty Value of each Car as of the date upon which payment is to be made shall be that percentage of the Purchase Price of such Car as is set forth below opposite the month of lease term in which such payment is to be made.

<u>Month of</u> <u>Lease Term</u>	<u>Percentage</u>	<u>Month of</u> <u>Lease Term</u>	<u>Percentage</u>
1	99.37	31	80.63
2	98.75	32	80.00
3	98.13	33	79.38
4	97.50	34	78.75
5	96.88	35	78.13
6	96.25	36	77.50
7	95.63	37	76.88
8	95.00	38	76.25
9	94.37	39	75.63
10	93.75	40	75.00
11	93.13	41	74.38
12	92.50	42	73.75
13	91.88	43	73.13
14	91.25	44	72.50
15	90.63	45	71.88
16	90.00	46	71.25
17	89.38	47	70.63
18	88.75	48	70.00
19	88.13	49	69.38
20	87.50	50	68.75
21	86.88	51	68.13
22	86.25	52	67.50
23	85.63	53	66.88
24	85.00	54	66.25
25	84.38	55	65.63
26	83.75	56	65.00
27	83.13	57	64.38
28	82.50	58	63.75
29	81.88	59	63.13
30	81.25	60	62.50

Month of
Lease Term

Percentage

61	61.87
62	61.25
63	60.63
64	60.00
65	59.38
66	58.75
67	58.13
68	57.50
69	56.88
70	56.25
71	55.63
72	55.00
73	54.38
74	53.75
75	53.13
76	52.50
77	51.88
78	51.25
79	50.63
80	50.00
81	49.38
82	48.75
83	48.13
84	47.50
85	46.88
86	46.25
87	45.63
88	45.00
89	44.38
90	43.75

Month of
Lease Term

Percentage

91	43.13
92	42.50
93	41.88
94	41.25
95	40.63
96	40.00
97	39.38
98	38.75
99	38.13
100	37.50
101	36.88
102	36.25
103	35.63
104	35.00
105	34.38
106	33.75
107	33.13
108	32.50
109	31.88
110	31.25
111	30.63
112	30.00
113	29.28
114	28.75
115	28.13
116	27.50
117	26.88
118	26.25
119	25.63
120	25.00

STATE OF PENNSYLVANIA)
: ss.:
COUNTY OF YORK)

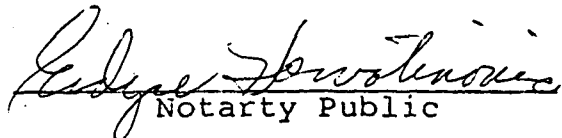
On the 6th day of June , 1980, before me personally appeared ROBERT GROSSMAN, to me personally known, who, being by me duly sworn, says that he is the Chairman of the Board and Chief Executive Officer of EMONS INDUSTRIES, INC., Lessor in the foregoing Lease of Railroad Equipment, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

MY COMMISSION EXPIRES
JANUARY 31, 1981
YORK, YORK COUNTY, PA.

STATE OF PENNSYLVANIA)
: ss.:
COUNTY OF YORK)

On the 6th day of June , 1980, before me personally appeared Joseph S. Maltese to me personally known, who, being by me duly sworn, says that he is the Secy.-Treasurer of MARYLAND AND PENNSYLVANIA RAILROAD COMPANY, Lessee in the foregoing Lease of Railroad Equipment, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

MY COMMISSION EXPIRES
JANUARY 31, 1981
YORK, YORK COUNTY, PA.